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EXDIS/CONTRA, EXDIS FOR CONTRA DISTRIBUTION

FROM HABIB

E.O. 12356: DECL:OADR

TAGS: CS PREL XK

SUBJECT: HABIB VISIT: MEETING WITH COSTA RICAN
PRESIDENT ELECT ARIAS

1. SECRET - ENTIRE TEXT.

SUMMARY

2. I TOLD ARIAS THAT THE U.S. WOULD SUPPORT A CONTADORA AGREEMENT THAT WAS COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS. I TOLD HIM THAT IN MY TALKS WITH CENTRAL AND SOUTH AMERICAN LEADERS, I HAD CONCLUDED THAT THIS IS WHAT MOST OF THEM WANTED ALSO.

3. ARIAS SAID THAT HIS RECENT TRIP THROUGH SOUTH AMERICA HAD CHANGED THE OPINIONS OF MANY ABOUT THE CHARACTER OF THE SANDINISTA REGIME. NICARAGUA'S FRIENDS WERE RAPIDLY LOSING PATIENCE. HE INTENDED TO USE HIS INAUGURATION TO PUT MAXIMUM PRESSURE ON THE SANDINISTAS. HE WAS DELIGHTED THAT VICE PRESIDENT BUSH WAS TO HEAD THE U.S. DELEGATION.

4. HE SAID THE PANAMA MEETING HAD BEEN VERY CONFUSING, AND THAT NICARAGUA HAD IRRITATED EVERYONE WITH ITS INTRANSIGENCE. NEGOTIATIONS ON THE UNRESOLVED ISSUES WOULD PROBABLY START SOON, BUT IT WAS DOUBTFUL THAT ALL THE DETAILS COULD BE FINISHED BY JUNE 6. END SUMMARY.

5. AT A LUNCHEON HOSTED BY AMBASSADOR TAMBS ON APRIL 26, I HAD A WARM CONVERSATION WITH PRESIDENT ELECT OSCAR ARIAS WHO WAS ACCOMPANIED BY HIS BROTHER, MINISTER OF THE PRESIDENCY DESIGNATE RODRIGO ARIAS, FIRST VICE PRESIDENT ELECT JORGE MANUEL DENGÓ, AND FOREIGN MINISTER DESIGNATE RODRIGO MADRIGAL NIETO. I EXPLAINED THAT MY MISSION WAS TO LOOK INTO THE POSSIBILITIES OF A PEACEFUL SOLUTION TO THE CONFLICT IN CENTRAL AMERICA AND DETERMINE THE STATUS OF THE CONTADORA PROCESS FOLLOWING THE PANAMA MEETING EARLIER IN THE MONTH. I SAID THAT THE U.S.

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SUPPORTED PEACE, NOT PROTRACTED CONFLICT, AND WOULD WELCOME AN AGREEMENT THAT WAS COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS. CONTADORA IS THE FRAMEWORK FOR SUCH AN AGREEMENT. THE LATIN AMERICANS HAD ASKED THE U.S. TO STAY OUT OF THE PROCESS AND WE HAD COMPLIED. NOW WE WERE LOOKING FOR THEM TO PRODUCE AN AGREEMENT BASED ON THE TWENTY-ONE OBJECTIVES THEY SET IN 1983. THE PANAMA MEETING HAD PROVIDED NEW MOMENTUM TO THE PROCESS, ALTHOUGH WE WERE DISAPPOINTED BY THE PERFORMANCE OF THE NICARAGUANS. WE WERE RAPIDLY APPROACHING THE JUNE 6 DATE SET FOR CONCLUDING AGREEMENT, BUT THERE REMAINED MANY ISSUES TO BE RESOLVED.

6. I TOLD ARIAS THAT IN MY TALKS WITH THE CENTRAL AMERICAN DEMOCRACIES, I HAD SEEN THAT THEY ALL WOULD LIKE TO ACHIEVE A GOOD AGREEMENT. I HAD BEEN IMPRESSED THAT THE DEMOCRACIES WERE WORKING TOGETHER AS NEVER BEFORE. AMONG THE CONTADORA AND SUPPORT GROUPS, I FOUND THAT MOST FELT THIS WAY, ALTHOUGH A FEW STILL SEEMED INCLINED TO WANT TO SIGN ANY AGREEMENT SIMPLY TO SIGN SOMETHING. I HAD TOLD THE LATIN AMERICANS THAT THE U.S. WOULD, OF COURSE, RESERVE THE RIGHT TO JUDGE FOR ITSELF IF THE FINAL AGREEMENT WAS ACCEPTABLE, BUT OUR VIEWS MATCHED THOSE OF THE CENTRAL AMERICANS VERY CLOSELY. CERTAINLY, WE WOULD NOT SUPPORT ANY AGREEMENT THAT THEY COULD NOT ACCEPT. MY RECENT LETTER TO THREE MEMBERS OF CONGRESS HAD MADE CLEAR THAT THE U.S. WOULD BE WILLING TO DO ITS PART TO COOPERATE WITH SUCH AN AGREEMENT.

7. ARIAS SAID THAT THIS TRACKED PERFECTLY WITH HIS OWN APPROACH, AND HE SAID THAT THE TIMING OF MY TRIP WAS EXCELLENT. IT HAD GIVEN THE LATIN AMERICANS SECURITY THAT THE U.S. WAS SUPPORTING THEIR EFFORTS TO FIND A PEACEFUL SOLUTION.

ARIAS' TRIP TO SOUTH AMERICA

8. ARIAS SAID THAT HE HAD GONE TO THE CONTADORA AND SUPPORT GROUPS TO CHANGE THE OPINIONS OF THOSE WHO WERE TOO PRO-SANDINISTA. HE BELIEVED THAT HE HAD HAD AN IMPACT, S E C R E T SECTION 02 OF 03 MEXICO 09107

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AND NOW MANY OF THE LATIN AMERICANS COULD BETTER UNDERSTAND COSTA RICA'S DISLIKE OF THE SANDINISTAS. FOR EXAMPLE, HE HAD MET WITH PERUVIAN PRESIDENT GARCIA FOR THREE HOURS AND MADE A VISIBLE IMPRESSION ON HIM. I REMARKED THAT I HAD TALKED WITH GARCIA JUST THE DAY BEFORE, AND I AGREED THAT ARIAS HAD INDEED HAD AN IMPACT. ARIAS BELIEVED THAT THE SUPPORT FOR THE SANDINISTAS IN LATIN AMERICA WAS DRYING UP, AND THEIR FORMER SUPPORTERS WERE RAPIDLY BECOMING IMPATIENT WITH SANDINISTA INTOLERANCE. THE CURRENT ROUND OF CONTADORA ACTIVITIES MAY BE THEIR WAY OF GIVING THE SANDINISTAS ONE LAST CHANCE; IF THE SANDINISTAS DO NOT TAKE IT, THEY WILL BE ISOLATED IN LATIN AMERICA. THE CONTADORA AND SUPPORT GROUP FOREIGN MINISTERS WERE PARTICULARLY UPSET BY SANDINISTA INTRANSIGENCE AT PANAMA. FOREIGN MINISTER D'ESCOTO HAD BEEN INFLEXIBLE AND HAD TO CONTACT MANAGUA

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EVERY HALF HOUR FOR INSTRUCTIONS. HE HAD GRATUITOUSLY INSULTED THE COLOMBIANS WHO HAD BEEN WORKING HARD TO ACCOMMODATE NICARAGUA. ARIAS BELIEVED THAT AN OPPORTUNITY WAS DEVELOPING FOR THE GENERALLY MIDDLE-OF-THE-ROAD DEMOCRACIES OF CENTRAL AND SOUTH AMERICA TO BEGIN TO WORK TOGETHER AS NEVER BEFORE.

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THE INAUGURATION

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9. ARIAS WAS EXPECTING TEN OR TWELVE LATIN AMERICAN PRESIDENTS TO ATTEND HIS INAUGURATION. THIS WOULD SEND A STRONG MESSAGE OF LATIN SUPPORT FOR COSTA RICA TO THE SANDINISTAS. HE PLANNED TO USE THE OCCASION TO MOUNT MAXIMUM PRESSURE ON NICARAGUA. HE PLANNED A TWO HOUR MEETING WITH THE PRESIDENTS TO DISCUSS CENTRAL AMERICA. DURING HIS INAUGURAL ADDRESS, HE INTENDED TO MAKE A STRONG STATEMENT ABOUT DEMOCRATIZATION IN NICARAGUA. THE ATTENDING PRESIDENTS WOULD BE INVITED TO SIGN A DECLARATION OF SAN JOSE WHICH WOULD ENUNCIATE DEMOCRATIC PRINCIPLES FOR ALL LATIN AMERICA. ARIAS WOULD UNVEIL HIS CALENDAR FOR DEMOCRATIZATION IN NICARAGUA. WHILE THE OTHER PRESIDENTS WOULD NOT BE EXPECTED TO DIRECTLY ENDORSE THE CALENDAR, THE DECLARATION OF SAN JOSE WOULD "RECOGNIZE WITH INTEREST" THE CALENDAR AND THUS ALLOW THEM TO SUPPORT IT INDIRECTLY. ARIAS WOULD MAKE SPECIFIC PROPOSALS FOR NICARAGUA'S NEW CONSTITUTION AND FOR A SERIES OF DATES BY WHICH CERTAIN THINGS SHOULD OCCUR. THE SCHEDULE WOULD BE ARRANGED SO THAT SPECIFIC CONCESSIONS WOULD BE REWARDED WITH SPECIFIC BENEFITS. I ASKED IF HE INTENDED TO LINK THESE PROPOSALS TO CONTADORA, AND HE INDICATED THAT THAT WAS A POSSIBILITY. HE CONFIRMED THAT DANIEL ORTEGA HAD NOT BEEN INVITED, AND SERGIO RAMIREZ PROBABLY WOULD BE REPRESENTING NICARAGUA.

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10. ARIAS WAS DELIGHTED THAT VICE PRESIDENT BUSH WOULD BE HEADING THE U.S. DELEGATION. HE SAID THAT THIS WOULD GIVE ANOTHER STRONG SIGNAL OF U.S. COMMITMENT TO COSTA RICAN DEMOCRACY.

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CONTADORA

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11. DENGU REMARKED THAT INITIALLY CONTADORA HAD HAD NO PURPOSE. IT NOW HAD ACQUIRED A PURPOSE, HOWEVER. IT WAS TO DEFINE THE GOALS IN CENTRAL AMERICA. THESE WERE THE GOALS OF DEMOCRACY VERSUS THE GOALS OF TOTALITARIANISM. I STRESSED THE IMPORTANCE OF CLEARLY DEFINING THESE TERMS AND MAKING THEM AN ESSENTIAL ELEMENT OF THE AGREEMENT. IT WAS CENTRAL TO THE WHOLE CONTADORA PROCESS THAT THE SANDINISTAS BE COMMITTED TO CHANGE THE WAY IN WHICH THEY TREATED THEIR OWN PEOPLE.

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12. ARIAS SAID THAT THE SITUATION IN PANAMA HAD BEEN CONFUSING TO EVERYONE. THE FRUSTRATION WITH THE NICARAGUANS HAD LED CAPUTO TO ASK D'ESCOTO IF NICARAGUA REALLY WANTED PEACE OR WANTED WAR. HE BELIEVED THAT PANAMA WOULD SOON CONTACT THE PARTICIPATING GOVERNMENTS TO ARRANGE FOR NEGOTIATIONS ON THE REMAINING TWO ISSUES. I NOTED THAT THERE ACTUALLY WERE MANY PARTS LEFT UNSETTLED AND WONDERED IF THE JUNE 6 DEADLINE WAS FEASIBLE. MADRIGAL SAID THAT CHANGES WOULD BE MADE ON TWO OF THE

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CHAPTERS BY THEN. BUT THE WORK ON FINALIZING THE LANGUAGE AND INSERTING SPECIFIC FACTS WOULD GO BEYOND THAT DATE. I ADVISED THEM TO BE VERY SPECIFIC, INCLUDING PROVISIONS FOR SUCH THINGS AS CEASE FIRES AND AMNESTIES.

13. ARIAS ASKED ME WHAT THE CENTRAL AMERICANS SHOULD DO IF NICARAGUA REFUSED TO SIGN. I SAID THAT THEY SHOULD PROCEED AND LEAVE THE DOOR OPEN TO NICARAGUA. THE SANDINISTAS WOULD FIND THEMSELVES ISOLATED, UNDER PRESSURE, AND THE CENTRAL AMERICANS SHOULD MAKE IT POSSIBLE FOR NICARAGUA TO REINTEGRATE INTO LATIN AMERICA IF IT CHOSE TO DO SO. IT WOULD BE RETURNING ON THE CENTRAL AMERICANS' TERMS, HOWEVER. IF NICARAGUA SIGNED THE AGREEMENT AND THEN VIOLATED IT, IT WOULD BE UP TO THE CONTADORA AND SUPPORT GROUPS, AS GUARANTORS, TO SEE THAT NICARAGUA COMPLIED. THEY HAD ACCEPTED THIS RESPONSIBILITY, AND WE AND THE CENTRAL AMERICANS EXPECT THEM TO FULFILL IT. I ADDED THAT PRESIDENT REAGAN WOULD SOON OBTAIN HIS AID FOR THE ARMED OPPOSITION. HOW HE USED IT WOULD DEPEND ON NICARAGUA. DENGU SAID THAT THESE ALTERNATIVES SHOULD BE EXPLAINED TO ORTEGA AT ESQUIPULAS.

THE SANDINISTAS AND THE DEMOCRATIC RESISTANCE

14. I ASKED IF THERE WERE SERIOUS DIFFERENCES IN THE SANDINISTA LEADERSHIP ABOUT THE GOALS OF THE REVOLUTION. I EXPLAINED THAT IN SOUTH AMERICA, SOME PEOPLE TRIED TO TELL ME THAT NOT ALL WERE COMMUNISTS. ARIAS AND HIS COLLEAGUES ASSURED ME THAT THERE WERE NO SUCH IDEOLOGICAL SPLITS AMONG THOSE WHO CONTROL THE FSLN. (MADRIGAN SAID THAT ORTEGA WOULD HAVE TO CONSULT HAVANA AND MOSCOW ABOUT EVEN GOING TO WAR.)

15. I INQUIRED ABOUT THE STATUS OF THE DEMOCRATIC RESISTANCE UNDER A CONTADORA TREATY, NOTING THAT THEY WERE ALL NICARAGUANS. MADRIGAL SAID THAT IT WOULD NOT BE POSSIBLE TO BRING ALL OF THE RESISTANCE INTO A DIALOGUE. SOME OF ITS POLITICAL LEADERS COULD PARTICIPATE, SUCH AS CRUZ, BUT NOT CALERO OR BERMUDEZ. DENGU REMARKED THAT WITHIN THE RESISTANCE, THERE WAS A DEMOCRATIC CORE, BUT THEY WERE MIXED UP WITH ALL THESE OTHERS (WHO DENGU CLEARLY DID NOT LIKE).

ECONOMICS

16. THE REMAINING DISCUSSION DEALT WITH COSTA RICA'S ECONOMY. ARIAS WAS CONCERNED THAT THE PERCEPTION OF INSTABILITY IN THE REGION CAUSED BY NICARAGUA WAS ADVERSELY AFFECTING HIS NATION'S ECONOMY. HE WANTED TO RESOLVE THE CRISIS SO THAT FOREIGN INVESTORS WOULD REGAIN CONFIDENCE. HE WAS INTERESTED IN DEVELOPING THE ECONOMY IN A VARIETY OF WAYS, AND LOOKED TO PROGRAMS SUCH AS THE CBI TO PROVIDE NEEDED CAPITAL. BUSBY

END OF MESSAGE

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